Conducting and Documenting Evaluations

OBJECTIVE

Explain how to conduct an effective evaluation of management controls, and document the results.

REQUIREMENT

Management control evaluations will
be conducted as scheduled in the management control plan.

DEFINITION

- A management control evaluation is a detailed, systematic, and comprehensive examination which includes testing of key management controls to determine whether they are:
- In place,
  - Being used, and
  - Effective.

DEFINITION

Key management controls are those controls that are absolutely essential to ensuring that critical processes operate as intended and that resources are safeguarded from fraud, waste and abuse.

RESPONSIBILITIES

- HQDA Proponents.
- Assessable Unit Managers.
- Management Control Administrators.
- Internal Review Offices.
- The Auditor General.
- The Inspector General.

Managers Choose the Method of Evaluation

- Management control evaluations published in regulations. Test questions are designed to help an AUM determine whether the control is in place and operating as intended.
- Alternative: Existing management review processes (but they must meet the basic requirements of a management control evaluation).

Existing Review Process Can Be:

- Unique to one function. For example the Command Supply Discipline Program inspection is unique to supply activities.

- General, and applicable to any function. For example the Command Inspection Program is a general review process.

Testing Key Management Controls

- Step One: Determine the scope of the matter to be tested. Given the subject matter of the evaluation, the scope can consist of such things as the number of people, records and locations.

Testing Key Management Controls

- Step Two: Decide on the timeframe, and the number of records, transactions, locations, etc., that will be subject to testing.

Sampling

- Judgmental: Judgment is used to select “representative” elements from a population.
- Statistical: Three common methods:
  - Simple random sampling
  - Stratified sampling
  - Cluster sampling

Testing Key Management Controls

- Step three: Test management controls using the following methods:
  - Observation
  - Interview
  - Records review
  - Simulation

Test Methods: Observation

Test Methods: Interview

Test Methods: Records Review

Test Method: Simulation

Four Test Methods

- Observation
- Interview
- Records review
- Simulation

Documenting Evaluations (DA Form 11-2-R)

- Documentation of management control evaluations must indicate:
  - Who conducted the evaluation.
  - When evaluation occurred.
  - What methods were used.
  - What management controls deficiencies were detected.
  - What corrective actions were/will be taken.

DA Form 11-2-R

MANAGEMENT CONTROL EVALUATION CERTIFICATION STATEMENT For use of this form, see AR 11-2; the proponent agency is ASA(FM).	1. REGULATION NUMBER 2. DATE OF REGULATION
3. ASSESSABLE UNIT	
4. FUNCTION	
5. METHOD OF EVALUATION *(Check one)*	
a. CHECKLIST ☐	b. ALTERNATIVE METHOD *(Indicate method)*
APPENDIX *(Enter appropriate letter)* ■	
6. EVALUATION CONDUCTED BY	
a. NAME *(Last, First, MI)*	b. DATE OF EVALUATION

7. REMARKS ***(Continue on reverse or use additional sheets of plain paper)***

- No management control deficiencies were detected during this evaluation. See attached for details on methods of testing and results of evaluation.
- No management control deficiencies were detected during this evaluation. However, management concerns are the following: (describe the concerns).
- X# of management control deficiencies were found during this evaluation. Action to correct this/these deficiencies is/are _____.
- Based on the evaluation, management controls are in place but not working as intended. (Explain what the problem is)

Documenting Evaluations

8. CERTIFICATION	
I certify that the key management controls in this function have been evaluated in accordance with provisions of AR 11-2, Army Management Control Process. I also certify that corrective action has been initiated to resolve any deficiencies detected. These deficiencies and corrective actions *(if any)* are described below or in attached documentation. This certification statement and any supporting documentation will be retained on file subject to audit/inspection until superseded by a subsequent management control evaluation.	
a. ASSESSABLE UNIT MANAGER	
(1) Typed Name and Title	b. DATE CERTIFIED
(2) Signature	

§ Assessable Unit Managers will certify all evaluations.

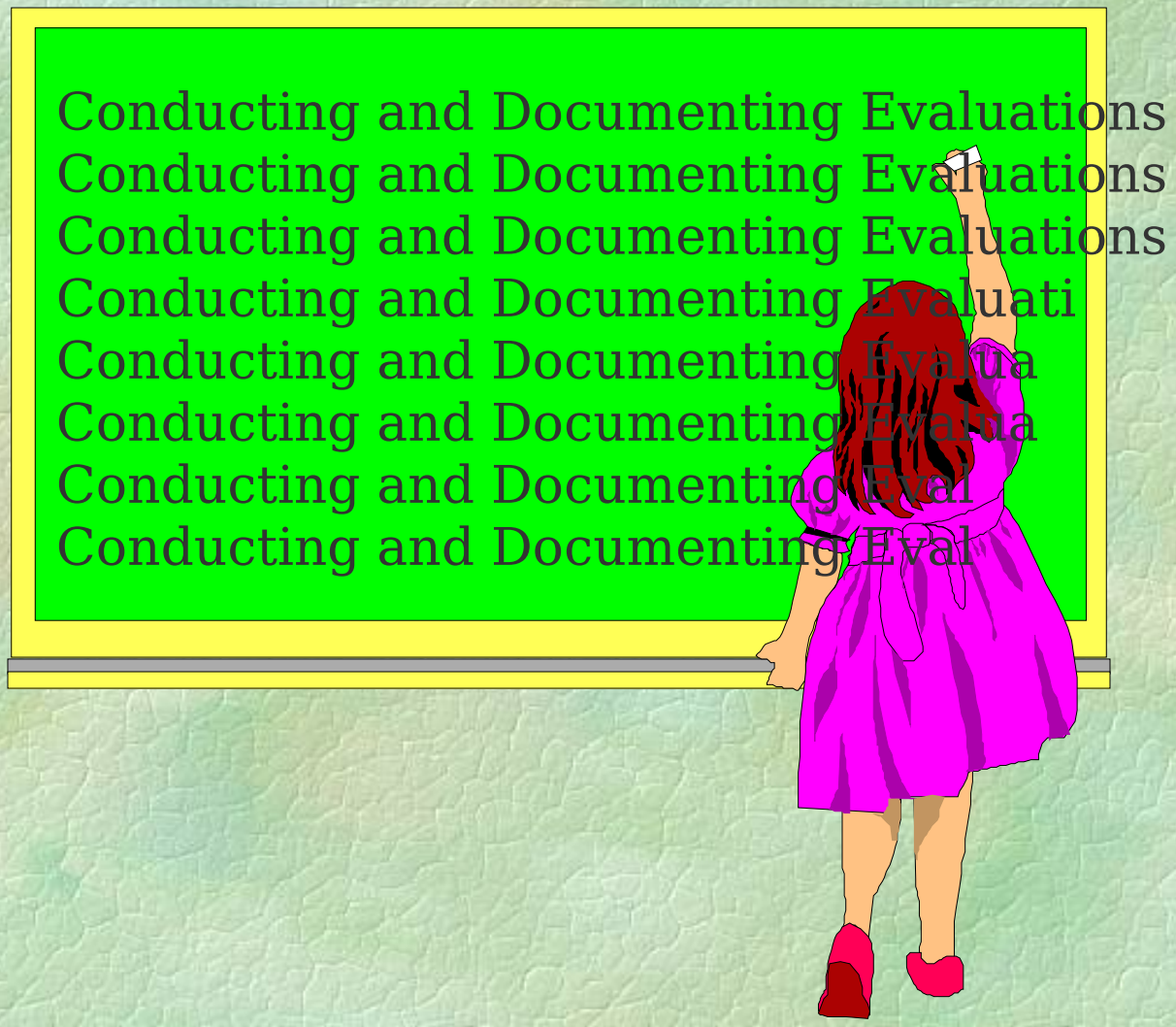
§ DA Form 11-2-R, Management Control Evaluation

Reasonable Assurance

- Is an acceptable degree of confidence in the general adequacy of the management controls to detect material failures in complying with the objectives of MCP.
- Is a management judgment based on the effectiveness of the controls and the extent of management control weaknesses.

What Happens Next?

- The MCA reviews input from the AUM and incorporates it into the Annual Statement of Assurance.
- The MCA or other appropriate activities such as Internal Review may:
  - test the controls in the DA Form 11-2-Rs
  - review corrective actions to determine if they are doing what they are intended to do.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